Increase in Narcotics trade in Gujarat

6893. SHRI RAJUBHAI A. PARMAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the increasing Narcotic trade in Gujarat State;

(b) if so, what is the present position; and

(c) the steps taken to curb the flourishing narcotic trade in the State?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (b) Smuggling of narcotic drugs is a clandestine activity and therefore it cannot be said definitely whether it is increasing or otherwise. During the year 1994, 279 seizures were made in Gujarat as compared to 209 seizures during the year 1993.

(c) Instructions have been issued to all the enforcement agencies to main tain the utmost vigil and step up enforcement efforts under the stringent provisions contained in NDPS Act. Training is being imparted to officers to improve their effectiveness. Vehicles and communication equipments have been provided. BSF and Coast Guards, who are deployed on land and coastal borders have been vested with the powers under the Customs Act to interdict narcotic drugs on the border in addition to the Central and State Government enforcement agencies empowered under the NDPS Act.

Opening of new banks in rural areas of Gujarat

6894. SHRI RAJUBHAI A. PARMAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have any plan to open new banks in rural areas of Gujarat States during the current financial year;

(b) if so, what is the number of such banks to be opened in Kutch-Bhuj, Sabarkantha, Banaskantha, Dang, Surat and Valsad Districts Rajkot together with the locations thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (c) RBI have reported that under the extant policy for branch expansion in rural areas, it is left to the judgement of the individual bank to assess the need for opening of additional branches in the respective service areas of their existing rural branches.

Licences have already been issued for opening of branches in rural areas indicated below:

(Position as on 31-3-1995)

S. No.	Name of District	Centre	Bank
1.	Kutch (including Bhuj Block)	Sumarsaier	Bank of Baroda
2.	– do–	Rampur	State Bank of India
3.	Surat	Sachin	Bank of Barod a

Target fixed for priority sector advanced by banks

6895. DR. B. B. DUTTA: Will the Minister of FINANCE be pleased to state:

(a) the target fixed by scheduled commercial banks for priority sector advances during 1992-93 and 1993-94;

(b) advances made by the scheduled commercial banks to priority sector against the targets;

(c) whether the performance of scheduled commercial banks in priority sector advances has lower than targets;

(d) if so, the reasons therefor;

(d) the steps taken by Government to achieve the set targets;

(f) whether any changes have been introduced in the scope of priority sector advances; and

(g) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) to (e) The target fixed for Indian Scheduled Commercial Banks for priority sector advances are given below:—

(i) The priority sector advances which include agriculture village and cottage industries, artisans, small, scale industries, transport operators, retail trade etc., of these banks should be atleast 40 per cent of their Net Bank Credit (NSC).

(ii) Advances to agriculture should be atleast 18 per cent of the NBC within the overall target of 40 per cent.

(iii) Advances to weaker sections (i.e. small and marginal farmers, SC/ST, IRDP beneficiaries, DRI beneficiaries etc.) should be atleast 10 per cent of the NBC within the overall target of 40 per cent.

Performance of public sector banks in lending to priority sector as at the end of last Friday of March 1993 and March 1994 is given below:

(Rs. in crores)

	March, 1993	March, 1994
Net Bank Credit (NRC)	132781.63	140913 62
Priority Sector Advances (PSA)	48652.77	53197.12
Percent of PSA to NBC (Target 40%)	36.64	37.75
Advances to Agriculture	20020 33	21204.26
Percent to Agriculture (Target 18%) Advances to NBC	15.08	15.05
Advances to Worker Section (AWS).	11865.51	12778.60
Percentage of AWS to NBC (Target 10%)	8.94	9.47

The fall in the percentage of priority sector lending can be attributed ot factors such as greater emphasis presently being laid by banks on the profitability, prudential norms stipulated by Reserve Bank of India (RBI), the high transaction and risk costs involved in lending to priority sector etc.

RBI have advised all banks to make every efforts to achieve the stipulated target for priority sector lending, Banks have also been advised that failure on their part to achieve the target could invite bank specific policy measures. RBI have also recently taken a number of steps such as introduction of Agriculture Credit Card to enable farmers with goodt rack record to secure production credit instantly, cash credit facility, financing of innovative and high-tech agricultural projects, establishment of Rural Infrastructural Development Fund, formation of a consortium of selected public sector banks to provide credit to Khadi and Village Industries Commission (KVIC) etc., to ensure enhanced flow of credit to agricultural sector.

(f) and (g) Taking into account the escalation of cost and also the need to refine the definitions, RBI have made a number of changes in the priority sector. Some of the major changes are:—

(i) In October 1993, it was decided to club the lending under the "Direct"

and "indirect" categories agricultural advances for the purpose of computing performing of banks vis-a-vis the sub-target. While the classification of agricultural advances into "direct" and "indirect" will continue as hitherto, it has been decided that agricultural lending under the "indirect" category should not exceed one-fourth of the sub-target of 18 per cent i.e. 4.5 per of the net bank credit for the purpose of computing the target of 18 per cent Aii) **Agricultural produce marketing** loans/advances upto Rs. 25000 instead of Rs. 5000 as at present to farmers against pledge/hypothecation of agricultural produce for a period not exceeding six months will be reckoned as direct agricultural advances. (iii) Short term advance to cultivators of traditional plantations (tea, coee, rubber and spices) upto 20 acres irrespective of whether they have their own processing facility or not were made eligible for inclusion under the Priority Sector.

(iv) Advances granted to SSI units whose investment in plant and machinery does not exceed Rs. 60 lakhs (Rs. 75 lakhs in case of ancillary units and export oriented units) are to be classified under the priority sector.

(v) At least 40 per cent of the advances under the SSI segment within the priority sector is to be granted to cottage industries Khadi and Village Industries, artisans. Tiny Industries (with investment in plant machinery upto Rs. 5 lakhs) or other SSI units availing credit limits upto Rs. 5 lakhs.

Equity holding by IFCI and IDBI

6896. SHRI S. AUSTIN: Will the Minister of FINANCE be pleased to state:

(a) whether any committee of experts/commission has made any recommendations of the ideal extent of equities to be held by financial institutions like IDBI and IFCI;

(b) if so, what are the limits set up for holding equity by IFCI and IDBI;

(c) whether equity holdings should be reduced; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) and (b) Industrial Development Bank of India (IDBI) has reported that financial institutions (FIs) such as IDBI and Industrial Finance Corporation of India Limited (IFCI) invest in equity of industrial units as a part of their normal projects financial operations. The magnitude of investment in equity of industrial units depends upon the means of finance of the project and the commercial assessment of the institutions.

(c) and (d) IDBI has reported that FIs periodically disinvest their equity holdings in industrial concerns with a view to recycling of funds depending upon the market conditions and other related factors.

Streamlining the functioning of Financial Institutions

6897. SHRI S. AUSTIN: Will the Minister of FINANCE be pleased to state:

(a) whether Government will consider streamlining the functioning of financial institutions;

(b) whether any study has been made of their holdings in private sector companies;

(c) whether it is a fact that equity holdings in large companies like ITC and TISCO have no social or development objective; and

(d) the steps proposed for converting equity into liquidity?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) The basic role of financial institutions